Government of Saskatchewan

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Weekly Hog Report

September 29, 2014

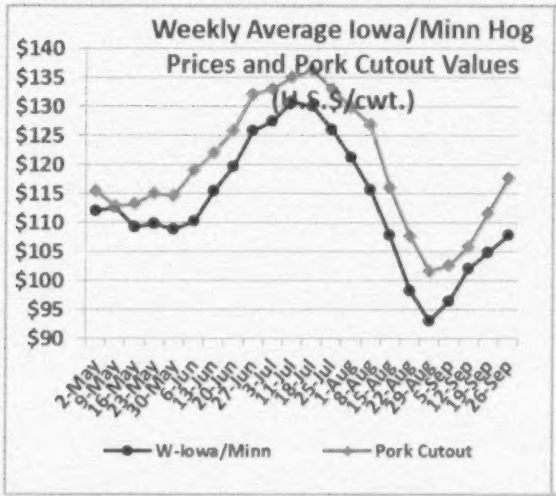
Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) moved higher over the week and ended last week higher, week-over-week. Hog prices on Friday averaged US$108.90 per cwt, up US$3.15 per cwt or 3.1 per cent from US$105.75 per cwt the previous Friday. The negotiated base price for the week averaged US$107.73 per cwt, up US$2.93 per cwt or 2.8 per cent from US$104.80 per cwt the previous week. Hog prices moved higher with support from stronger pork cutout values.

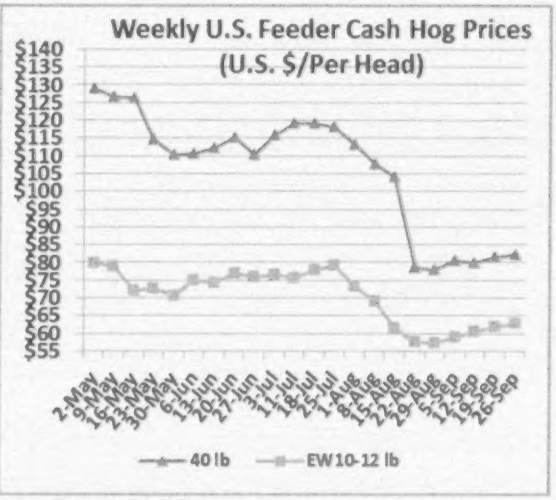
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday September 26, 2014 was $218.47 per ckg, up $8.38 per ckg or 4.0 per cent from $210.09 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $216.27 per ckg, up $6.63 per ckg or 3.2 per cent from the previous weeks' average price of $209.64 per ckg. The Canadian dollar moved lower last week and closed Friday at 89.65 cents, down 1.70 cents from the previous Friday close of 91.35 cents.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices edged higher last week. Weighted average cash prices for iso-weans (12lb) last week were US$62.86 per head, up US$1.14 per head from US$61.72 per head the previous week. Feeders (40lb) were US$82.00 per head, up US$0.46 per head from US$81.54 per head the previous week.



Source: LMIC



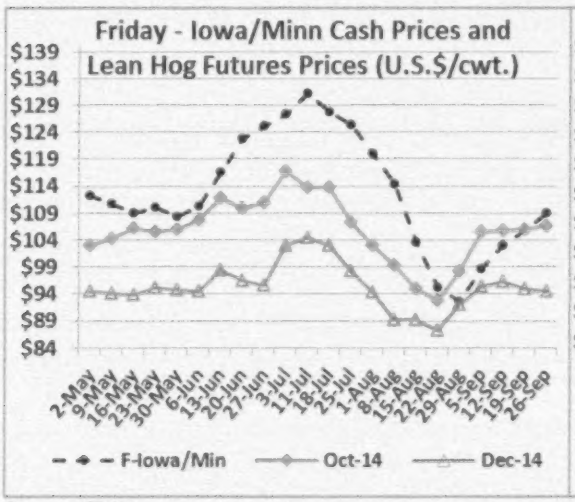
Source: LMIC

There were two new cases of **Porcine Epidemic Diarrhea (PED)** identified in sow barns in Manitoba over the last 10 days. There are currently 62 cases confirmed in hog barns in Ontario, 4 in Manitoba, one in PEI, and also one in Quebec for a total of 68 PED cases confirmed in hog barns in Canada. The cooler weather may cause more cases to flare up.

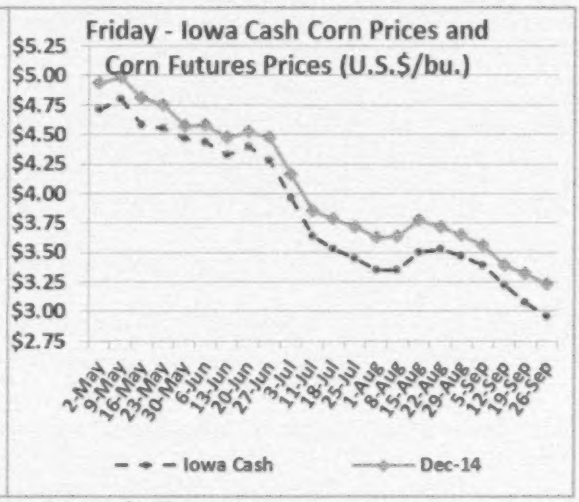
Futures Markets

Lean hog futures prices were mixed over the week but the nearby October contract edged higher, week over week. The October contract increased US$0.550 per cwt to settle Friday at US$106.525 per cwt, while the December contract decreased US$0.375 per cwt to settle Friday at US$94.475 per cwt.

The nearby corn, wheat, soybean, and gold futures prices were lower, while crude oil prices edged higher, week-over-week. Many grain and mineral commodity prices were again lower last week while hog and pork prices moved higher again.



Source: CME



Source: CME

Iowa cash corn prices continued lower declining 12 cents per bushel week-over-week, to end Friday at US$2.95 per bushel. The December corn contract was down over 8 cents to settle Friday at US$3.23 per bushel, while the March 2015 corn futures contract was down over 8 cents to settle Friday at $3.35¾ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection last week ending September 26 were estimated at 2.095 million head, up 2.2 per cent from 2.050 million head the previous week, but down 4.2 per cent from 2.187 million head from the same week a year ago. U.S. hogs slaughtered over the last four weeks averaged 1.995 million head, down 6.4 per cent from 2.130 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending Sept. 21, 2014 were estimated at 419,062 head, down 1.0 per cent from 423,356 head the previous week, and down 0.9 per cent from 423,016 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending September 21 were estimated to average 397,996 head, down slightly from 398,838 head over the same period a year ago.

Meat Production

U.S. pork production for the week ending September 27 was estimated at 443.7 million lb., up 2.2 per cent from 434.1 million lb. the previous week, but down 1.2 per cent from 448.9 million lb. the same week a year ago. Pork production over the last four weeks ending September 27 was estimated to average 422.8 million lb., down 2.9 per cent from 435.3 million lb. over the same four week period a year ago.

U.S. beef production for the week ending September 27 was estimated at 467.3 million lb., up 0.4 per cent from 465.4 million lb. the previous week, but down 6.0 per cent from 497.2 million lb. over the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending September 20, 2014, was estimated at 1.931 billion lb., down 0.8 per cent from 1.947 billion lb. over the same four weeks a year ago, and down 1.8 per cent year-to-date.

United States Weekly Meat Production

(Sept. 20) Four Week Average - Million Lb.			Percent Change	
	2013	2014	4wk. 2014	YTD 2014
Pork	435.1	417.2	-4.1%	-1.0%
Beef	489.1	460.1	-5.9%	-5.6%
Chicken	900.1	925.9	2.9%	0.1%
Turkey	122.9	127.9	4.1%	-3.1%
Total	**1,947.2**	**1,931.1**	**-0.82%**	**-1.79%**

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending September 27, 2014 averaged US$117.48 per cwt, up US$5.99 per cwt or 5.4 per cent from US$111.49 per cwt from the previous week, and up 16.1 per cent from US$101.19 per cwt the same week a year ago. Pork, turkey, and chicken cutout prices all increased last week while beef cutouts declined.

Average beef cutout values (Choice 600-900 lb.) for the week ending September 27 averaged US$239.62 per cwt, down US$6.6 1 per cwt from the average price of US$246.23 per cwt from the previous week, but up 23.9 per cent from US$193.43 per cwt the same week a year ago.

USDA Hogs and Pigs Report

USDA released the September *Hogs and Pigs Report* on September 26. Total U.S. hog inventory numbers as of September 1, 2014, was estimated at 65.361 million head, down 2.3 per cent from 66.906 million head on September 1, 2013, but up 6.1 per cent from 61.583 million head as of June 1, 2014. (Source: USDA) Total inventory reductions were less than the average 3.4 per cent reduction estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of September 1, 2014, was estimated at 5.920 million head, up 1.8 per cent from 5.816 million head on September 1, 2013, and up 1.1 per cent from 5.855 million head on June 1, 2014. Trade analysts had estimated for a 1.4 per cent annual increase in the breeding herd, year-over-year.

United States Hog Inventory Numbers, (1,000 head)

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	June-Sept.	Y/Y(Sept.)
All Hogs & Pigs	65,088	66,906	64,775	61,494	61,583	65,361	**6.13%**	**-2.31%**
Kept for breeding	5,884	5,816	5,757	5,851	5,855	5,920	**1.11%**	**1.79%**
Market	59,304	61,090	59,018	55,643	55,728	59,441	**6.66%**	**-2.70%**
Market Hogs								
Under 50 lbs	19,135	19,824	18,389	17,336	17,999	19,517	**8.43%**	**-1.55%**
50-119 lbs	17,078	17,958	16,080	15,487	16,071	17,658	**9.87%**	**-1.67%**
120-179 lbs	12,414	12,584	12,576	12,538	11,491	12,147	**5.71%**	**-3.47%**
180 lbs & Over	10,678	10,725	11,972	10,281	10,166	10,118	**-0.47%**	**-5.66%**

Source: September 26, 2014 USDA Hogs & Pigs Report

Market herd inventory numbers in the United States as of September 1, 2014, was estimated at 59.441 million head, down 2.7 per cent from 61.090 million head on September 1, 2013, but up 6.7 per cent from 55.728 million head from June 1, 2014. Trade analysts were estimating market inventory numbers to decline by 3.8 per cent, year-over-year. The decline was less than the current average trade analyst estimates. The March and June 2014 market inventory numbers were reduced from the June USDA estimates.

Sow farrowing numbers over the June-to-August 2014 period totaled 2.907 million head, up 0.6 per cent from 2.890 million head over the same period in 2013. This was slightly higher than the average trade estimates of a 0.4 per cent increase. The U.S. sow farrowing numbers for the September-to-November 2014 period are estimated at 2.890 million head, a 4.0 per cent increase from 2.780 million head the same period a year ago. Farrowing intentions for the December-February 2015 period were estimated to increase to 2.870 million head, up 3.8 per cent from 2.765 million head the same quarter a year ago. Trade estimates were estimating a smaller increase of 3.2 per cent for the September-to-November quarter and only a 1.4 per cent increase for the December-to-February 2015 quarter.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
	Thousand Head			Thousand Head		
Quarter	**2012**	**2013**	**2014**	**2012**	**2013**	**2014**
Dec - Feb (1)	2,813	2,788	2,765	28,038	28,099	26,336
Mar - May	2,952	2,806	2,797	29,780	28,921	27,361
June - Aug	2,928	2,890	2,907	29,654	29,862	29,539
Sept - Nov	2,888	2,780	2,890 (2)	29,319	28,253	
TOTAL	**11,581**	**11,264**	**11,359**	**116,791**	**115,135**	

(1) December preceeding year.
(2) Farrowing Intentions.
Source: USDA Hogs and Pigs Report, September 26, 2014

The United States pig crop for the June-to-August 2014 period totaled 29.539 million head, down 1.1 per cent from 29.862 million head over the same period in 2013. The decline was less than the expected average trade estimates of a 2.4 per cent decline.

Sow productivity declined 1.6 per cent to 10.16 pigs per litter for the June-to-August 2014 period, down from 10.33 pigs per litter from the same quarter in 2013. The declines were due to losses from the PED virus, which may accelerate in the fourth quarter.

The USDA's September *Hogs and Pigs Inventory Report* came in overall bearish with higher market hog inventory numbers and breeding hog inventory numbers compared to the average trade estimates. Farrowing intentions for the fourth quarter of 2014 and first quarter of 2015 were also higher than the average trade estimates. With production variations between analysts and USDA, there is still uncertainty around production numbers moving forward, particularly with the potential for the PED virus to accelerate in the fourth quarter as the weather cools. Heavier hog weights in 2014 have kept pork production reductions minimal compared to the significantly reduced U.S. hog slaughter numbers.

For more information contact:

Brad Marceniuk, PAg, MSc, BSA
Provincial Livestock Economist
(306) 933-5098
brad.marceniuk@gov.sk.ca